

€66M PROFIT IN Q3 2017 AND 20% INCREASE IN ANNUALIZED RENT

PROFIT TO FUEL ACCELERATED GROWTH

EPRA NAV/SHARE	FFO I/SHARE	EARNINGS/ SHARE	NET LTV
€2.17	€0.07	€0.24	42%
+11%	+4%	+4%	-100bps

Q3 & 9M 2017 HIGHLIGHTS

- Revaluation gain on Galeria Pólnocna of **€57m in Q3 2017** and **€155m** to date
- Profit before tax at **€66m in Q3** and **€134m in 9M 2017** (€71m in 9M 2016)
- Earnings per share up to **€0.13 in Q3** and **€0.24 in 9M 2017** (€0.23 in 9M 2016)
- EPRA NAV increased **7% in the Q3** and **14% in 9M** to €1,019m (€897m as of 31 December 2016)
- EPRA NAV / share increased **7% in the Q3** and **11% in 9M** to €2.17 as of 30 September 2017 (€1.95 as of 31 December 2016)
- Gross margin from rental activity at **€22m in Q3** and **€65m in 9M 2017** (€64m in 9M 2016)
- FFO I up to **€12m in Q3 2017** and **€34m in 9M** (€32m in 9M 2016) before the impact of Galeria Pólnocna
- FFO I / share at **€0.03 in Q3 2017** and **€0.07** in 9M 2017 (€0.07 in 9M 2016)
- €105m** of construction loans under negotiations & **€240m** of refinancing loans, including **€200m** loan related to Galeria Pólnocna, under negotiations to improve conditions

OPERATING PERFORMANCE

9M 2017	Reported	V%
GMRA	€65m	+1%
EBITDA	€54m	+0%
Profit for the period	€112m	+5%
FFO I	€34m	+5%
Total property	€1,872m	+15%
Net debt	€795m	+13%
Net LTV	42%	-100bps
EPRA NAV/share	€2.17	+11%

PORTFOLIO UPDATE

- Completion of Galeria Pólnocna on budget and on time
- Acquisition of **Belgrade Business Center** of 17,700 sq. m in Belgrade
- Acquisition of **Cascade** office building of 4,200 sq. m in Bucharest
- Strong leasing performance: **84,000 sq. m** of office and retail space newly leased and renewed in 9M 2017
- Occupancy at **93%** (94% as at 30 June 2017)
- We obtained **building permits** for **Advance Business Centre I in Sofia** (14,100 sq. m) and **Matrix in Zagreb** (21,000 sq. m)
- 6 projects under construction with over 145,000 sq. m
- 6 projects in the planning stage with 143,000 sq. m of office

Earnings/share



EPRA NAV/share



space and 61,000 sq. m and 2 extensions of existing projects for 5,100 sq m

“The completion of Galeria Pólnocna is a masterpiece of development resulting in a strong uplift in profit and equity. Refinancing of the completed mall will provide substantial cash to accelerate further growth with no need to raise new equity. The acquisition of two office buildings in Belgrade and Bucharest and completion of Galeria Pólnocna increased our annualized rent by 20% to EUR 105 million.” said Thomas Kurzmann, GTC’s CEO. “With the start of Matrix office in Zagreb and ABC I office in Sofia we have more than 350k sq. m under construction and in planning phase.” – he added.

KEY OPERATING ACHIEVEMENTS IN Q3 & 9M 2017

Value creation will fuel accelerated growth

- **Completion of Galeria Pólnocna**
 - **Galeria Pólnocna** was completed on budget and opened on time on 14 September
 - We attracted nearly **2 million visitors** in the first two months
 - **Revaluation gain of €57m in Q3 2017** and **€155m to date**
 - Refinancing of up **€200m** in advanced negotiations (i.e. €84m top-up)

- **Acquisition of income generating properties**
 - **Belgrade Business Center** of 17,700 sq. m in Belgrade in September 2017
 - **Cascade** office building of 4,200 sq. m in Bucharest in July 2017
 - **Total investment of €46m**
 - **Additional NOI of €4.1m** annually

- **Completion of Galeria Pólnocna an acquisition of BBC and Cascade increased annualized rent by 20% to €105m**

Further boost to NAV will come from 6 projects under construction with total of 145,000 sq. m GLA and 6 projects in the planning stage with a total GLA of 204,000 sq. m.

- **6 projects under construction with over 145,000 sq. m GLA**
 - **7,800 sq. m** to be completed in **Q4 2017** (Artico office building, Warsaw)
 - **73,400 sq. m** to be completed in **2018** (GTC White House, Budapest, Ada Mall and Green Heart, Belgrade)
 - **63,600 sq. m** to be completed in **2019/2020** (Advance Business Centre I, Sofia, further phases of Green Heart, Belgrade and Matrix, Zagreb)

- **6 projects in the planning stage** with over 143, 000 sq. m of office space and 61,000 sq. m of retail space (Warsaw, Budapest, Bucharest and Sofia)

- **2 extensions of existing projects** for 5,100 sq. m: Galeria Jurajska and Cascade in the preparation phase

- **84,000 sq. m** of office and retail space newly leased and renewed in 9M 2017 extending current WALT to 3.3 years

- Largest leases: 13,000 sq. m of Romtelecom lease prolongation in City Gate, 5,500 sq. m of IBM lease prolongation in Duna Tower, 3,500 sq. m of Black Rock new lease in White House, 3,400 sq. m of GFT lease prolongation in Sterlinga Business Center, 3,000 sq. m of Enterprise Service lease prolongation in University Business Park

- Occupancy at **93%** (94% as at 30 June 2017)

Strong leasing performance

KEY FINANCIAL HIGHLIGHTS IN Q3 & 9M 2017

Rental and service revenues	<ul style="list-style-type: none"> ● Increased to €30m in Q3 and €88m in 9M from €85m in 9M 2016 <p>Reflects mainly completion of University Business Park B and FortyOne II in 2016, FortyOne III and Galeria Północna in 2017 (€3m) as well as acquisition of Premium Point and Premium Plaza in Bucharest, Sterlinga Business Center in Łódź and Neptun Office Center in Gdańsk. BBC in Belgrade and Cascada in Bucharest, partially offset by disposal of Galeria Burgas and Galeria Stara Zagora</p>
Net profit from development revaluation and impairment	<ul style="list-style-type: none"> ● €54m in Q3 and €105m in 9M as compared to €39m in 9M 2016 <p>Reflects mainly completion of Galeria Północna and FortyOne III as well as revaluation gain on Galleria Stara Zagora combined with value appreciation of income generating assets following an improvement in their operating results (mostly Galeria Jurajska, FortyOne III and University Business Park B)</p>
Financial expenses	<ul style="list-style-type: none"> ● Increased to €8m in Q3 and €21m in 9M due to an increase in average level of debt <p>Cost of finance down 3.1% (from 3.2%) due to decrease in average interest rate and change in hedging strategy</p>
Taxation	<ul style="list-style-type: none"> ● Tax amounted to €14m in Q3 and €22m in 9M as compared to €36m tax benefit in 9M 2016 <p>Reflects mainly increased provision related to revaluation gain</p>
Net profit	<ul style="list-style-type: none"> ● €52m in Q3 and €112m in 9M compared to €107m in 9M 2016 mostly on revaluation gain
Funds From Operations (FFO I)	<ul style="list-style-type: none"> ● At €34m compared to €32m in 9M 2016 despite disposal of Galleria Stara Zagora and Galleria Burgas
Total property value	<ul style="list-style-type: none"> ● At €1,872m as of 30 September 2017 (€1,624m as of 31 December 2016) due to an investment in assets under construction, acquisition of land plots and revaluation gain
EPRA NAV / share	<ul style="list-style-type: none"> ● Up by 7% in Q3 11% in 9m to €2.17 from €1.95 on 31 December 2016 <p>Corresponding to EPRA NAV of €1,019m compared to €897m as of 31 December 2016</p>
Financial liabilities	<ul style="list-style-type: none"> ● At €925m as of 30 September 2017 compared to €881m as of 31 December 2016 ● Weighted average debt maturity of 4 years and average cost of debt of 3.1% p.a. ● LTV at 42% on 30 September 2017 (43% on 31 December 2016) ● Interest coverage at 3.6x on 30 September 2017 (3.5x on 31 December 2016) ● €105m of construction loans under negotiations ● €240m of refinancing loans under negotiations to improve conditions, including €200m refinancing of Galeria Północna
Cash and cash equivalents	<ul style="list-style-type: none"> ● Decreased to €102m as of 30 September 2017 from €150m as of 31 December 2016 due to finance activity

	30 September 2017 (unaudited)	31 December 2016 (audited)
ASSETS		
Non-current assets		
Investment property	1,726,022	1,501,770
Investment property landbank	124,597	102,905
Residential landbank	13,230	13,761
Investment in associates and joint ventures	1,698	3,803
Property, plant and equipment	6,871	6,002
Deferred tax asset	59	1,075
Other non-current assets	192	353
	1,872,669	1,629,669
Current assets		
Residential inventory	7,714	5,355
Accounts receivables	4,730	5,363
Accrued income	431	767
VAT receivable	15,525	17,389
Income tax receivable	619	652
Prepayments and deferred expenses	2,031	2,558
Escrow account	11	-
Short-term deposits	14	27,925
Cash and cash equivalents	102,453	149,812
	162,832	209,821
TOTAL ASSETS	2,035,501	1,839,490

	30 September 2017 (unaudited)	31 December 2016 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	10,651	10,410
Share premium	520,504	499,288
Capital reserve	(36,054)	(35,702)
Hedge reserve	(2,796)	(3,631)
Foreign currency translation	2,048	1,872
Accumulated profit	397,187	315,195
	891,540	787,432
Non-controlling interest	4,113	2,891
Total Equity	895,653	790,323
Non-current liabilities		
Long-term portion of long-term borrowing	813,961	739,031
Deposits from tenants	8,969	8,043
Long term payable	2,625	2,730
Provision for share based payment	4,039	2,046
Derivatives	2,122	2,778
Provision for deferred tax liability	119,215	98,237
	950,931	852,865
Current liabilities		
Investment, trade payables and provisions	61,623	36,739
Current portion of long-term borrowing	116,006	153,902
VAT and other taxes payable	1,463	1,122
Income tax payable	172	530
Derivatives	1,583	2,553
Advances received	8,070	1,456
	188,917	196,302
TOTAL EQUITY AND LIABILITIES	2,035,501	1,839,490

	Nine-month period ended 30 September 2017	Three-month period ended 30 September 2017	Nine-month period ended 30 September 2016	Three-month period ended 30 September 2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues from rental activity	87,629	29,648	85,159	30,109
Residential revenue	442	-	5,306	1,530
Cost of rental activity	(22,592)	(7,540)	(20,533)	(7,260)
Residential costs	(379)	-	(4,383)	(1,430)
Gross margin from operations	65,100	22,108	65,549	22,949
Selling expenses	(1,558)	(594)	(2,304)	(907)
Administration expenses	(10,320)	(2,666)	(8,682)	(3,685)
Profit from revaluation	105,314	54,220	39,385	15,318
Other income	1,153	289	1,126	357
Other expenses	(2,501)	(1,150)	(2,456)	(868)
Profit (loss) from continuing operations before tax and finance income / (expense)	157,188	72,207	92,618	33,164
Foreign exchange differences gain/ (loss), net	(2,819)	1,339	2,589	(547)
Finance income	121	29	1,242	81
Finance cost	(20,707)	(7,694)	(21,690)	(7,803)
Share of profit (loss) of associates and joint ventures	184	-	(4,178)	(375)
Profit before tax	133,967	65,881	70,581	24,520
Taxation	(22,272)	(13,785)	36,031	46,885
Profit (loss) for the period	111,695	52,096	106,612	71,405
Attributable to:				
Equity holders of the Company	111,510	51,876	106,670	71,406
Non-controlling interest	185	220	(58)	(1)
Basic earnings per share (in Euro)	0.24	0.13	0.23	0.16

	Nine-month period ended 30 September 2017	Nine-month period ended 30 September 2016
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	133,967	70,581
Adjustments for:		
Loss/(profit) from revaluation/impairment of assets	(105,314)	(39,385)
Share of loss (profit) of associates and joint ventures	(184)	4,178
Profit on disposal of assets	-	(5)
Foreign exchange differences loss/(gain), net	2,819	(2,589)
Finance income	(121)	(1,242)
Finance cost	20,707	21,690
Share based payment (income) / expenses	1,993	839
Depreciation and amortization	308	325
Operating cash before working capital changes	54,175	54,392
Decrease in accounts receivables, prepayments and other current assets	388	723
(Increase)/Decrease in inventory and residential land bank	(2,359)	2,768
Increase/(decrease) in advances received	5,274	942
Increase in deposits from tenants	1,495	1,951
Increase/(decrease) in trade and other payables	(506)	(1,492)
Cash generated from operations	58,467	59,284
Tax paid in the period	(2,751)	(3,183)
Net cash flows from operating activities	55,716	56,101
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditure on investment property	(106,354)	(63,823)
Purchase of land and completed assets and land	(51,064)	(133,551)
Purchase of subsidiary	(15,896)	(5,601)
Increase in Escrow accounts for purchase of assets	(1,504)	-
Sale (including advances) of investment property	3,067	9,614
Sale of subsidiaries	37,545	4,800
Purchase of minority	(352)	(18,108)
Sale of shares in associate	1,250	3,334
VAT on purchase/sale of investment property	2,046	(10,145)
Interest received	87	319
Loans granted to associates	-	(123)
Loans repayments from associates	1,218	11,347
Net cash flows from/(used in) investing activities	(129,957)	(201,937)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	123,346	174,116
Repayment of long-term borrowings	(68,965)	(67,572)
Dividends paid	(8,061)	-
Interest paid	(18,173)	(18,377)
Loans origination cost	(1,537)	(959)
Decrease/(increase) in blocked deposits	100	(4,408)
Net cash from/(used in) financing activities	26,710	82,800
Effect of foreign currency translation	172	867
Net increase / (decrease) in cash and cash equivalents	(47,359)	(62,169)
Cash and cash equivalents at the beginning of the period	149,812	169,472
Cash and cash equivalents at the end of the period	102,453	107,303

ABOUT GTC

The **GTC Group** is a leading real estate investor and developer focusing on Poland and three capital cities in Central and Eastern Europe. Since 1994 GTC has developed 66 high standard, modern office and retail properties with a total area of nearly 1.2 million sq. m through Central and Eastern Europe.

GTC now actively manages a commercial real estate portfolio of 36 commercial buildings providing nearly 614,000 sq. m of lettable office and retail space in Poland, Budapest, Bucharest, Belgrade and Zagreb. In addition, GTC has a development pipeline of 349,000 sq. m retail and office properties in capital cities of Central and Eastern Europe, thereof 145,000 sq. m under construction.

GTC S.A. is listed on the Warsaw Stock Exchange and included in the WIG30 index and inward listed on the Johannesburg Stock Exchange. The company's shares are also included in the Dow Jones STOXX Eastern Europe 300 Index.

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